



Kevin J. Dvorak, President & CEO

701-222-8349 kdvorak@ndcf.net www.ndcf.net

Testimony – HB 1497 – February 2, 2021

Taxation and Finance Committee

Chairman Headland and members of the Committee-I am Kevin Dvorak President and CEO of the North Dakota Community Foundation. I am here to testify in opposition to HB 1497. Thank you for your interest in the nonprofit sector. I wanted to let you know that the North Dakota Community Foundation is opposed to HB 1497 for the reasons stated below, but we sincerely appreciate this attempt to increase giving in North Dakota. After you have heard our reasoning, please feel free to contact me if you would like further explanation or have questions. Again, we sincerely appreciate this attempt to help the nonprofit sector and donors, but feel that this particular bill is flawed in many ways...

The North Dakota Community Foundation is opposed to HB 1497 as it amends a law that was produced and vetted by the entire nonprofit sector. As near as we have been able to determine, HB 1497 was submitted/written without any input from the greater sector including the North Dakota Association on Nonprofit Organizations (NDANO) which was the lead agency that worked to craft and pass existing law. I sit on the NDANO Public Policy Committee and we heard nothing of HB 1497 until after it was introduced.

While the concept of an additional incentive to encourage annual giving to smaller nonprofits is a worthy concept, this bill as written does not motivate donors to give more to their favorite local charity. The Bill contains no minimum in order for a donor to receive the credit which means that someone who gives \$10 to their church in the weekly collection basket would be able to receive the credit without “stretching” their giving or giving to any other charity.

This amendment to existing law removes the incentive for donors to give more (which was the entire concept behind the original) and does not encourage larger gifts to permanent endowment funds in ND. It just provides a tax break for the status quo. It will, in fact, have a negative impact by encouraging ND residents to give less and still receive the tax credit. This is not good policy.

The existing law has been hugely successful in capturing long-term endowment assets for North Dakota nonprofits to succeed and to serve the needs of their mission right here in our state. If there is interest in crafting an incentive for smaller donors to increase their support of annual giving to ND nonprofits, it should be addressed in a separate bill that does not touch the existing endowment and planned giving tax credit. It should “stand on its own” as a separate part of the law. It should also be crafted and vetted with the entire sector through a similar

process utilizing NDANO's membership and expertise. HB 1497 has not been crafted and introduced in that manner, therefore, we urge a no vote on this bill.

Respectfully submitted,

Kevin J Dvorak, CFP®
President & CEO
North Dakota Community Foundation